

1-82  
6  
THE WASHINGTON

# Bush's Mysterious Medicaid Plan

## Low-Income 'Buy-In,' Noted in Debate, Points to Costly Expansion

By Paul Blustein  
Washington Post Staff Writer

### NEWS ANALYSIS

Call it the Stealth Health plan. It first appeared on political radar screens during Sunday night's presidential debate, when Republican presidential nominee George Bush was asked what he would do for the 37 million Americans who lack health insurance. Bush replied that he would allow them to "buy into Medicaid."

The statement has aroused intense curiosity among health-policy and budget experts, who say that such an idea would represent a major expansion of the government's medical program for the poor and could cost upwards of \$10 billion a year. They wonder whether Bush intended to go as far as his statement implied.

The answers from the Bush campaign are contradictory, and the manner in which the proposal was introduced deepens the mystery surrounding it. Bush had never publicly mentioned the idea until Sunday's debate. His campaign first endorsed the idea by tucking it into a 3½-page position paper dated Sept. 22. That part of the paper said, in full: "George Bush supports allowing low-income workers to purchase Medicaid coverage."

The proposal is designed to show that Bush has an alternative to the health-insurance plan put forward by Democratic nominee Michael S. Dukakis, who recently signed a similar universal health insurance program into law for Massachusetts. The Bush forces have denounced the governor's national plan, which would require most employers to provide health insurance to their employees, as a \$30 billion to \$40 billion burden on business that would result in lost jobs and higher prices.

But if Bush's proposal was meant as a counter to Dukakis, the low-key way in which it was released has caused puzzlement among politicians and health care experts. It may reflect the fact that the vice president does not want to call attention to a big-government scheme at a time he is trying to paint Dukakis as a liberal. Bush is sensitive to charges that he has made several expensive promises in areas such as child care and education while failing to put forward a specific deficit-reduction plan. The cost of the Medicaid "buy-in" could dwarf the price tag of the other Bush proposals.

Another possible explanation is that Bush embraced the proposal in haste. One senior Bush adviser implied as much, dismissing the proposal as unformed and sketchy. "It still has to be staffed out," he said.

But Deborah Steelman, Bush's domestic policy adviser, said that while the proposal has not been fully fleshed out, the vice president has discussed the concept several times and favors using Medicaid as the best way to offer protection to people most in need. Many conservatives acknowledge that the program is so riddled with gaps that it is failing to provide the poor with adequate care, and Steelman said Bush wants to fill some of those gaps, including extending coverage to many low-income children who do not currently qualify.

Medicaid serves 24 million people—low-income families with children, and low-income aged, blind and disabled people. Eligibility requirements vary by state. Overall, about 41 percent of the people below the poverty line are eligible.

"For low-income workers, let's arrange a Medicaid buy-in, so they can get the subsidized care that they need," Steelman said, adding

that Bush favors extending such a program to families with incomes up to 185 percent of the poverty level—in other words, about \$20,000 a year for a family of four. The cost of such a proposal is uncertain and would depend on a number of factors, notably the share of the expense that beneficiaries would be required to absorb. Steelman said she estimates the price tag at a bit less than \$200 million.

Other health-care experts scoffed at that figure. One congressional budget expert said that unless the government were to charge low-income workers extremely high prices for Medicaid coverage, "you'd get numbers in the \$10 billion to \$20 billion range. It wouldn't cost less than \$10 billion."

Jack Meyer, a health care expert who favors the Bush proposal, said that if it were restricted to people at the poverty level or below, the cost to the federal government would be in the \$3 billion to \$6 billion range. The combined federal-state cost would be \$5 billion to \$10 billion, said Meyer, who is president of New Directions for Policy, a research firm. Like other analysts, Meyer emphasized that it is difficult to estimate costs without more details about how Bush's plan would work.

Told of these estimates, Steelman said that the people making them "have no idea of the policy we're going to institute. We are going to target the neediest populations first, which Dukakis isn't." (The Dukakis proposal would cover only people with jobs.) "Obviously George Bush is not going to break the bank," she continued, "but we have to do this—bearing in mind budget pressures." She noted that a plan offering coverage only for catastrophic illness would be much cheaper than a plan offering more comprehensive care.

Fall 1988